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# Audit Report

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Brentwood Union Free School District  
EPE Program

For the Period

July 1, 2009 through June 30, 2010

EPE-0811-01

March 23, 2012

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**The University of the State of New York**  
**THE STATE EDUCATION DEPARTMENT**  
**Office of Audit Services**  
**Albany, New York 12234**





THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

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March 23, 2012

Mr. Stephen Coleman  
Board President  
Brentwood Union Free School District  
52 Third Avenue  
Brentwood, New York 11717

Dear Mr. Coleman:

I enclose the final audit report (EPE-0811-01) for the audit of Brentwood Union Free School District's (District) Employment Preparation Education program for the period July 1, 2009 through June 30, 2010. The audit was conducted pursuant to Section 305 of the Education Law in pursuit of Goal #5 of the Board of Regents/State Education Department Strategic Plan: "Resources under our care will be used or maintained in the public interest."

Ninety days from the issuance of this report, District officials will be asked to submit a report on actions taken as a result of this review. This required report will be in the format of a recommendation implementation plan and it must specifically address what actions have been taken on each recommendation.

I appreciate the cooperation and courtesies extended to the staff during the audit.

Sincerely,

James A. Conway

Enclosure

c: Commissioner King, V. Grey, S. Cates-Williams, K. Smith, K. Slentz, J. Conroy, C. Szuberla, R. Johnson, M. Leinung, A. Richardson, J. Bond (Superintendent), A. Timmony (DOB), J. Dougherty (OSC), G. Bixhorn (Eastern Suffolk BOCES)

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# Executive Summary

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## Background and Scope of the Audit

In 1984, the New York State Legislature enacted the Employment Preparation Education Program (EPE) to provide State aid to public schools to support adult education programs. This enabled districts to obtain funding to provide educational programs to adults leading to a high school diploma or equivalency diploma. Eligible students must be 21 years of age or older and without a high school diploma or equivalency. Students that have earned a high school diploma or equivalent, but fail to demonstrate basic educational competencies by testing below a certain grade level are also eligible.

The Office of Audit Services conducted an audit to verify the accuracy and appropriateness of the reported revenues and expenditures generated by the EPE program at the Brentwood Union Free School District (District). We examined financial records and documentation to support the \$1,395,982 received by the District in EPE aid for the period of July 1, 2009 through June 30, 2010. Our objectives were to: determine that the revenues received were adequately supported with contact hour documentation; verify that reported EPE expenditures agree with amounts in the District's accounting system and were supported with a reasonable basis for use in the EPE program; and determine if the District was in compliance with EPE regulations and guidelines.

## Audit Results

District staff were knowledgeable about EPE program requirements and there are systems and processes in place to collect and report contact hours. However, audit testing resulted in the following exceptions:

- The District claimed \$138,151 in excess EPE classroom contact hours based on the results of statistical sampling.
- The District could not support \$38,761 in intake and assessment hours based on missing records, ineligible students, and undocumented hours.
- The District failed to secure student files prior to an asbestos abatement project resulting in missing student files.
- The District failed to obtain a waiver for two classes that were offered for less than the required six hours per week, and not all teachers had received the required five-and-a-half hours of staff development training.
- The EPE program expenditures were overstated for a total of \$938 in fringe benefits.

## Comments of District Officials

District officials' comments about the findings and conclusions were considered in preparing this report. Their response is included as Appendix B.

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# Introduction

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## Background

In 1984, the New York State Legislature enacted the Employment Preparation Education Program (EPE) to provide State aid to public schools to support adult education programs. This enabled districts to obtain funding to provide educational programs to adults leading to a high school diploma or equivalency diploma. Eligible students must be 21 years of age or older and without a high school diploma or equivalency. Students that have earned a high school diploma or equivalent, but fail to demonstrate basic educational competencies by testing below a certain grade level are also eligible.

EPE aid is generated based on student contact hours reported in Adult Student Information System and Technical Support (ASISTS) and the approved EPE rate. A contact hour is defined as 60 minutes of instruction given by a certified teacher for each student. For example, if one teacher has ten students in a class for 1 hour, 10 contact hours would be generated. Contact hours are broken down by student, class, and month in ASISTS. EPE aid generated by the district cannot exceed the amount of expenses incurred in operating the EPE program. Therefore, the aid cannot be used to fund other district costs.

## Objectives, Scope, and Methodology

The Office of Audit Services conducted an audit to verify the accuracy and appropriateness of the reported revenues and expenditures generated by the EPE program at the Brentwood Union Free School District (District). The District received \$1,395,982 in EPE aid for 2009-10 school year. We examined financial records and documentation on a sample basis to support the number of contact hours claimed for the period of July 1, 2009 through June 30, 2010. Our objectives were to:

- determine that the revenues received were adequately supported with contact hour documentation;
- verify that reported EPE expenditures agree with amounts in the District's accounting system and were supported with a reasonable basis for use in the EPE program; and
- determine if the District was in compliance with EPE regulations and guidelines.

To accomplish our objectives, we reviewed applicable laws, regulations, policies and procedures; interviewed District and

Department management and staff; and examined records and supporting documentation.

The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. An audit also includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operational records and applying other audit procedures considered necessary. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that the audit provides a reasonable basis for our findings, conclusions, and recommendations.

## **Comments of District Officials**

District officials' comments about the findings and conclusions were considered in preparing this report. Their response is included as Appendix B.

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## Contact Hours

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Districts generate EPE aid by reporting contact hours and student enrollment to the Department on forms SA-160.1 and SA-160.2. Contact hours are allowable for classroom instruction as well as for evaluation, intake and assessment. Commissioner's Regulations (Regulations) and the EPE Manual (Manual) both establish strict requirements for documentation in order to establish the allowability of contact hours.

We found the District over-reported allowable contact hours by including hours that were undocumented, provided by volunteer teachers, and provided to ineligible students. In addition, the District could not support most of the intake and assessment hours claimed. As a result, the District received \$176,912 in excess EPE aid during the audit period. The District will be required to make restitution in such amount to New York State. This report will be used by the Department's State Aid unit to recover ineligible EPE aid.

### **Over-Reported Classroom Contact Hours**

Section 168.2 of the Regulations, defines a contact hour for EPE to mean 60 minutes of instruction given by a teacher in approved program component areas. The Department requires the number of reported contact hours to be clearly documented to ensure that EPE revenues paid to districts are appropriate. The Manual states that any undocumented or overstated contact hours will be questioned upon audit and revenues will be reduced accordingly.

The District reported 192,559 class attendance contact hours that represented 11,400 monthly contact hour records. We tested the accuracy of the contact hours reported by the District in ASISTS using a statistical sample of 570 randomly selected student monthly contact hour records. The 570 records sampled totaled 9,480.5 contact hours of which the District was able to support 6,660.5 contact hours. A statistical projection of the audit disallowance of 2,820 contact hours to the entire population using a 95 percent confidence level, results in an audit disallowance of 15,971 contact hours for class attendance. The disallowed contact

hours resulted in \$138,151 in excess EPE aid based on the approved EPE rate.

The following table summarizes the disallowances identified in the sample as well as the reason they were determined to be not allowable.

Table I  
Summary of Sample Results  
Disallowed Classroom Contact Hours

Reason for Disallowance	Number of Disallowed Hours	Value of Disallowed Hours	Total Disallowance Based on Projection of Sample Results
Undocumented Hours	1,597	\$13,814	
Ineligible Students	670	5,796	
Volunteer Teachers	553	4,783	
Total Disallowance from Sample	2,820	\$24,393	
<b>Projected Amount</b>			
	<b>15,971</b>		<b>\$138,151</b>

Source: OAS Analysis of Student Records and Class Attendance Documentation

### *Undocumented Hours*

We noticed support existed for the majority of contact hours selected; however, there were some deficiencies in the class attendance records. In some instances, records were insufficient due to students not being included on the teacher attendance logs for a given day. Other students were on the attendance log but the total number of hours claimed were not supported for a given period. We also found that some attendance logs were kept without numerical notations to document the number of hours each student attended the class for a given day. Undocumented contact hours resulted in the disallowance of 1,597 contact hours from the class attendance sample.

### *Ineligible Students*

In order to generate EPE aid, students must go through an intake process that includes: standardized assessment, the completion of an Individual Student Record Form (ISRF), the development of the Education and Employment Plan (EEP), and any other testing as appropriate to assist the teacher in developing an education plan for the student. Later in the report, we identify 335 students that were not eligible to generate EPE aid due to an incomplete intake process. Of those 335 ineligible students, 40 students were part of the class attendance sample which resulted in the disallowance of 670 contact hours.

### *Volunteer Teachers*

Section 101 of the Manual states that EPE teachers must be in the employ of the educational agency claiming the funds. We found two teachers that were not employees of the District. Since contact hours must be generated by employees of the District, 553 contact hours from our class attendance sample were disallowed.

## **Undocumented Intake and Assessment Contact Hours**

Contact hours may also be generated through appropriate intake and assessment activities. Section 206.01 of the Manual requires an evaluation and intake assessment be given to students by a teacher that leads towards the development of Education and Employment Plans (EEP). This activity may generate EPE aid provided that each hour spent by the student in evaluation and during intake assessment is documented. It is not sufficient to identify a block of time as a standard and claim that for contact hours.

We requested documentation to support the 5,183 intake and assessment hours that were claimed during the audit period. Specifically, we requested student folders to determine their eligibility for the EPE Program and reviewed supporting documentation for the 5,183 contact hours claimed for intake and assessment. The District was only able to support 702 of the 5,183 contact hours claimed for intake and assessment. Therefore \$38,761 (4,481 hours) of EPE funding was not allowable.

The majority of the hours disallowed in the intake and assessment process were due to missing or incomplete student folders, claiming blocks of time, and including post testing hours.

### *Missing and Incomplete Student Folders, or Ineligible Students*

Section 168.3 of the Regulations requires that every student in an EPE program have an individual student folder that is easily accessible to the student and the teacher, and includes information concerning registration, attendance, testing, and individual program needs. At minimum, registration information must include the student's name, class attendance, date of birth, and diploma status.

We determined that roughly 25 percent (285 of 1,099) of the student records could not be located. Many student records that were not provided were a result of the District failing to secure student files prior to an asbestos abatement project in the public library. We could not determine the eligibility of these students. This resulted in a disallowance of 1,504 intake and assessment contact hours.

The majority of the folders that were provided were maintained in a manner consistent with the Regulations. However, a small number of student folders were incomplete and did not contain all of the required information such as dates of birth, diploma status, and testing results. As a result, we could not determine the eligibility for some students and therefore disallowed 128 intake and assessment contact hours.

We also found a small number of students that were under 21 years of age when they first entered the EPE program for intake and assessment. Students must be 21 years of age; therefore, this resulted in a disallowance of 36 intake and assessment contact hours.

In summary, the District could not support 1,668 contact hours which results in \$14,428 in excess EPE aid.

### *Including Blocks of Time*

We observed that in most instances the District claimed four contact hours for intake and assessment. The District

routinely used a four hour block of time to record the activities rather than recording specific times. The vast majority of the documentation to support intake and assessment did not include the start and end times of the process. However, we did observe in some cases the start and end time of the test was recorded. We allowed one hour testing time in the cases where a block was claimed. This results in a disallowance of 1,925 contact hours, or \$16,652 in excess EPE aid.

### *Post Test Hours*

The Department defines the following activities to be considered as intake and assessment, whether they are conducted in a classroom setting or one-on-one: orientation classes, goal setting, assessment (but not post-testing), career planning, completion of the ISRF and student demographics, and educational counseling before direct instruction begins.

We found contact hours were claimed for post testing of 157 students that were claimed as part of intake and assessment. These hours should have been claimed as classroom contact hours. In total we found 888 post test contact hours resulting in a disallowance of \$7,681.

## **Summary**

The table below summarizes the results of our audit of contact hours claimed by the District. In total we are disallowing \$176,912. That amount is made up of classroom contact hours claimed but not supported as well as hours claimed for intake and assessment as shown in Table 2.

Table 2  
EPE Aid Received Compared to Allowable by Audit

	Allowable Contact Hours	EPE Rate	Allowable Aid per Audit	Aid Received	Disallowance
Class Attendance	140,231	\$8.65	\$1,212,998	\$1,351,149	\$138,151
Intake and Assessment	702	\$8.65	\$6,072	\$44,833	\$38,761
<b>Grand Total</b>	<b>140,933</b>	<b>\$8.65</b>	<b>\$1,219,070</b>	<b>\$1,395,982</b>	<b>\$176,912</b>

Source: OAS Analysis of Student Records and Class Attendance Documentation

## **Recommendations**

1. Repay the \$176,912 in unallowable EPE aid.
2. Only claim contact hours supported by adequate attendance documentation. Require teachers to keep numerical notation of the number of contact hours for each student.
3. Do not claim contact hours claimed by non-employees of the District.
4. Maintain student records in secure locations.
5. Maintain a completed student folder for all EPE students and ensure only eligible students' contact hours are claimed.
6. Document all intake and assessment contact hours claimed with the start and end times and ensure post testing contact hours are not included under intake and assessment.

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# EPE Expenditures

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Section 168.4 of the Regulations states EPE program funds may be spent only for personal services, employee benefits, equipment, supplies and materials, contractual services, travel expenses, staff development, training, and other expenses approved by the Commissioner. The aid must be spent on allowable expenses for EPE-related services.

We reviewed expenditures claimed for the audit period and found that the majority of the costs were allowable. However, we did find fringe benefits were incorrectly calculated and charged to the EPE program by the District in the total of \$938.

We reviewed expenditures claimed for the 2009-10 period and found some fringe benefits to be incorrectly calculated and charged to the EPE program. The EPE Program was charged for the Teacher Retirement System (TRS) expense for 17 retired teachers. This resulted in the original expense charged for TRS to be overcharged by \$2,127. Also, we found that the Employee Retirement System (ERS) expense was not charged for two teaching assistants. This resulted in the original expense charged for ERS to be undercharged by \$1,189. As a result, the EPE program was overcharged for a total of \$938 in fringe benefits. However, the total amount of EPE aid awarded is the lesser of revenue generated by contact hours or total EPE expenditures; since the District EPE expenditures exceed the revenue this overcharge does not effect funding.

## Recommendations

7. Ensure all calculations for EPE expenditures are accurate.

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## Other Program Requirements

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The Regulations and the Manual provide much of the guidance needed to successfully administer an EPE program. It is critical that districts have an understanding of the requirements defined in the Regulations and the Manual and follow them while administering the EPE program.

We found District officials to be very knowledgeable of EPE program requirements and guidelines. However, we did find instances where the District was not in compliance with all the requirements in the Regulations and the Manual.

### Missing Waiver

Section 168.3 of the Regulations requires that classes operate at least 6, but not more than 20 hours per week, unless otherwise approved by the Commissioner. We found that two classes were offered and met for only three hours each week without the District obtaining a waiver from the Department.

### Staff Development

Section 401 of the Manual requires that professional staff members serving in the EPE Program must annually take at least five-and-a-half hours of staff development training related to the development and organization of such programs for adults. We reviewed the training certificates for a sample of ten employees from the District payroll and found that two teachers did not have the required five-and-a-half hours of training in staff development.

### Recommendations

8. Obtain a waiver for any class that does not meet the Manual requirements.
9. Ensure all staff have the correct amount of training as required in the Manual.

Contributors to the Report  
Brentwood Union Free School District  
EPE Program

- T. Stewart Hubbard III, Audit Manager
- Edward Lenart, Auditor-in-Charge
- James Schelker, Senior Auditor



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March 19, 2012

Mr. James A. Conway, Director  
Office of Audit Services  
State Education Department  
Albany, NY 12234

Dear Mr. Conway:

We are in receipt of the draft report for the audit of Brentwood Union Free School District's Employment Preparation Program for the period of July 1, 2009 through June 30, 2010. This letter serves as our response to the audit findings and recommendations contained in the report.

**Audit Recommendation # 1**

Repay \$176,912 in unallowable EPE aid.

**Response**

A large portion of EPE funds were disallowed because of problems associated with the statistical sample of student contact hour records selected by the auditors. As noted in the report, a large percentage of the selected records were missing due to storage problems at one of the program sites; thus, the District could only provide supporting documentation for 6,660 of the 9,480 contact hours under review.

See Auditor's Note 1
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To avoid this problem in the future, the District has taken several steps to increase the security of student records. Student files located in non-school program sites are now secured in a separate locked room. Access to this room is restricted to a designated staff member and the EPE program administrator. Additionally, the EPE administrator conducts regular inspections of non-school facilities to ensure that all student files are complete, accurate and secure.

We are confident that these new procedures will prevent future disallowances and enable the District to receive full reimbursement for program services.

**Audit Recommendation #2**

Only claim contact hours supported by adequate attendance documentation. Require teachers to keep numerical notation of the number of contact hours for each student.

**Response**

Teachers have been advised to keep only numerical attendance for students. Program administrators will conduct regular attendance checks to ensure this practice is followed.

Mr. James A. Conway, Director  
March 19, 2012  
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**Audit Recommendation #3**

Do not claim contact hours claimed by non-employees.

**Response**

During the 2009-10 school year, two (2) retirees served as instructors in the program. Since then, only current employees have been hired as instructors.

**Audit Recommendation #4**

Maintain student records in secure locations.

**Response**

See response to Audit Recommendation #1.

**Audit Recommendation #5**

Maintain a completed student folder for all EPE students and ensure only eligible students' contact hours are claimed.

**Response**

All registration/intake forms have been revised to ensure that student requirements (i.e., standardized assessment, completion of the EEP, etc) are met. The revision of these forms has enabled staff to certify student eligibility and to accurately record the number of hours needed for assessment.

**Audit Recommendation #6**

Document all intake and assessment contact hours claimed with the start and end times and ensure post testing contact hours are not included under intake and assessment.

**Response**

Program staff has been trained to record actual contact hours during the intake and assessment process. The new intake form does not record information on post-testing.

**Audit Recommendation #7**

Ensure all calculations for EPE expenditures are accurate.

**Response**

While there was an error in the calculation of retirement system expenditures in the grant, it is important to note that the revenue to support these expenditures was received from an interfund transfer from the District's general fund. To avoid this in the future, retirement system eligibility for instructors will be more closely reviewed.

**Audit Recommendation #8**

Obtain a waiver for any class that does not meet Manual requirements.

**Response**

The District applied for and received a waiver for two classes that were offered and met for less than six hours.

Mr. James A. Conway, Director  
March 19, 2012  
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**Audit Recommendation #9**

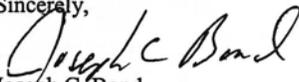
Ensure all staff has the correct amount of training as required in the Manual.

**Response**

All program staff will receive appropriate training through the Long Island Regional Adult Education Network (RAEN). The EPE program administrator will ensure that each teacher completes a minimum of twelve (12) hours of professional development, as outlined in the EPE Manual.

Thank you for the opportunity to respond to the draft audit report. If you have any questions, please contact me at (631) 434-2325.

Sincerely,

  
Joseph C. Bond  
Superintendent of Schools

## Auditor's Note

### Note 1:

The audit sample was chosen using standard sample selection protocols. We believe the results of the sample are valid and representative of the universe.